§ 1413.64 Nationally approved cover crops and practices for ACR and CU for payment acreages.

* * * * *

(c) Producers may plant designated oilseeds, soybeans and mung beans on up to 50 percent of the designated ACR acreage;

* * * * *

(d) Acreage designated as ACR or CU for payment under the 1995 wheat, feed grain, upland cotton and rice programs may be planted to IOCs.

* * * * *

4. In § 1413.66, paragraph (c)(2) is revised to read as follows:

§ 1413.66 Use of ACR and CU for payment acreage.

* * * * *

(c) * * *

(2) IOCs or designated crops planted on ACR and IOCs planted on CU for payment acreage.

* * * * *

5. In § 1413.105 paragraph (d) is revised to read as follows:

§ 1413.105 Timing and calculation of deficiency payments.

* * * * *

(d)(1) For the 1994 and 1995 crops of wheat, feed grains, upland cotton, ELS cotton and rice, if an acreage limitation program is in effect, CCC shall make available 50 percent of the projected final deficiency payments, made in accordance with Sec. 1413.104, as an advance payment to producers in the manner determined and announced by CCC.

(2) For the 1996 and 1997 crops of wheat, feed grains, upland cotton, ELS cotton and rice, if an acreage limitation program is in effect, CCC shall make available 40 percent of the projected final deficiency payments made in accordance with § 1413.104, as an advance payment to producers in the manner determined and announced by CCC.

Signed January 19, 1995 at Washington, DC.

Bruce R. Weber,

Acting Executive Vice President Commodity Credit Corporation.

[FR Doc. 95–1778 Filed 1–19–95; 4:32 pm]

BILLING CODE 3410–05–P

SMALL BUSINESS ADMINISTRATION

13 CFR Part 122

Business Loans—Microloans

AGENCY: Small Business Administration (SBA).

ACTION: Notice of Proposed Rulemaking.

SUMMARY: On October 22, 1994, the ''Small Business Administration Reauthorization and Amendments Act of 1994'' was enacted. It amends section 7(m) of the Small Business Act (Act) regarding the SBA microloan financing program. These proposed rules would implement that amendment. Included among the proposed changes are regulations implementing a pilot program which authorizes SBA to guarantee up to 100 percent of loans made to intermediary lenders, the inlcusion of native American tribal governments as eligible to participate as intermediaries in the program, authorization for SBA to provide additional grant assistance to an intermediary which by its lending assists residents in economically distressed areas, and an extension of the sunset date of the microloan for an additional fiscal year.

DATES: Comments may be submitted on or before March 27, 1995.

ADDRESSES: Comments may be mailed to John R. Cox, Associate Administrator for Financial Assistance, Small Business Administration, 409 Third Street, S.W., Washington, D.C. 20416.

FOR FURTHER INFORMATION CONTACT: John R. Cox, 202/205–6490.

SUPPLEMENTARY INFORMATION: Pub. L. 103–403, enacted on October 22, 1994 (1994 legislation), amends various portions of subsection 7(m) of the Act (15 U.S.C. 636(m)), relating to the SBA microloan financing program. These proposed rules, if promulgated in final form, would implement the statutory amendments in the following ways.

Consistent with section 202 of the 1994 legislation, § 122.61–2 of SBA's regulations (13 CFR 122.61–2) would be amended by including in the definition of an intermediary eligible to participate in the program as a mircoloan lender an agency or a nonprofit entity established by a native American tribal government. This proposed change would expand the category of intermediary lenders beyond the present regulatory parameters which prescribe private, nonprofit entities or quasi-governmental entities as microlenders.

Consistent with section 203 of the 1994 legisltion, § 122.61–1 of SBA's regulations would be amended to extend the sunset date for the entire microloan program an additional year, to October 1, 1997.

Consistent with section 206 of the 1994 legislation, § 122.61–6 of SBA's present regulations would be amended to increase the aggregate maximum amount of SBA lending available to an intermediary during the intermediary's partiicpation in the microloan program. The previous limitation was $1,250,000 and the proposed new aggregate maximum would be $2,500,000.

Consistent with section 207 of the 1994 legislation, § 122.61–9 of SBA's present regulations would be amended to authorize an intermediary to expend no more than fifteen percent of grant funds provided to it by the SBA for the provision of information and technical assistance to small business concerns which are prospective borrowers. An intermediary receiving a grant would not be required to provide such assistance to prospective microloan borrowers, but this proposed rule recognizes that intermediaries do hold outreach seminars, perform screening analysis, and provide other assistance for prospective borrowers, and it should encourage intermediaries to continue these programs and to use their technical assistance grants efficiently and cost effectively.

Under its present rules, SBA ensures that at least one half of the intermediaries provide microloans to small business concerns located in rural areas. Consistent with section 205 of the 1994 legislation, § 122.61–3 of SBA's regulations would be amended so that, in selecting intermediaries for the program, SBA must select entities that will ensure availability of loans for small business concerns in all industries located throughout the lender's jurisdiction in both rural and urban areas. Thus, the SBA would no longer be required to meet numerical requirements for its portfolio of lenders based on intended borrowers in selecting entities to participate as intermediaries in the microloan program. Under the proposed rule, SBA would consider, however, the additional criterion of whether a proposed intermediary would provide assistance to a variety of industries.

Under SBA's present rules, in order for an intermediary to qualify for an SBA grant, it must contribute or match an amount equal to twenty-five percent of the amount of such grant. Consistent with section 208(a)(1) of the 1994 legislation, § 122.61–9 SBA's regulations would be amended to provide that such twenty-five percent requirement would be inapplicable to an intermediary which provides not less than fifty percent of its loans to small business concerns located in or owned by one or more residents of an economically distressed area. As a result, if this rule is promulgated in final form, if an intermediary would make sixty percent of its loans in an economically distressed geographic area, it would not have to provide a twenty-five percent match to an SBA grant.

Under current rules, each intermediary is eligible to receive an SBA grant equal to twenty-five percent of the total outstanding balance of loans which SBA had made to it. Consistent with section 208(a)(2) of the 1994 legislation, § 122.61–9 of SBA's regulations would be amended to provide that if an intermediary would provide no less than twenty-five percent of its loans to small business concerns located in or owned by residents of an economically distressed area, it would be entitled to receive an additional SBA grant equal to five percent of the total outstanding balance of SBA loans made to the intermediary. Thus, if an intermediary made at least twenty five percent of its loans in an economically distressed area, it would be eligible for an additional SBA grant of five percent which it would not be required to match.

Consistent with section 208(b) of the 1994 legislation, § 122.61–2 of SBA's regulations would be amended to define ''economically distressed area'' to mean a county or equivalent division of local government of a state in which the small business concern is located in which, according to the Bureau of the Census, not less than forty percent of the residents have an annual income that is at or below the poverty level. SBA will obtain this information from the Bureau of the Census.

Finally, consistent with section 201 of the 1994 legislation, proposed new § 122.61–13 of SBA's regulations would implement a microloan financing pilot in which SBA would have the authority to guarantee no less than ninety and no more than one hundred percent of a loan made to an intermediary by a for-profit or non-profit entity or by an alliance of such entities. This guaranty authority by SBA would terminate on September 30, 1997. Under this proposed rule, SBA would not guarantee loans to more than ten intermediaries in urban areas and ten in rural areas. An SBA guaranteed loan to an intermediary under this pilot would have a maturity of ten years. During the first year of the loan, the intermediary would not be required to repay principal or interest, although interest would continue to accrue during this period. During the second through fifth years of such a loan, the intermediary would pay only interest. During the sixth through tenth years of the loan, the intermediary would make interest payments and fully amortize the principal. There would be no balloon payments. Interest on these SBA guaranteed loans to intermediaries would be calculable as set forth in § 122.61–6 of SBA's regulations (13 CFR 122.61–6).

Compliance With Executive Orders 12612, 12778 and 12866, the Regulatory Flexibility Act, 5 U.S.C. 601, et seq. and the Paperwork Reduction Act, 44 U.S.C. Ch. 35

For purposes of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* SBA certifies that this proposed rule, if promulgated in final form, will not have a significant economic impact on a substantial number of small entities.

SBA certifies that this proposed rule, if promulgated in final form, will not constitute a significant regulatory action for the purposes of Executive Order 12866, since the proposed change is not likely to result in an annual effect on the economy of $100 million or more.

SBA certifies that the proposed rule, if promulgated in final form, would not impose additional reporting or recordkeeping requirements which would be subject to the Paperwork Reduction Act, 44 U.S.C. Chapter 35.

SBA certifies that this proposed rule would not have federalism implications warranting the preparation of a Federalism Assessment in accordance with Executive Order 12612.

Further, for purposes of Executive Order 12778, SBA certifies that this proposed rule, if promulgated in final form, is drafted, to the extent practicable, in accordance with the standards set forth in section 2 of that Order.

(Catalog of Federal Domestic Assistance Programs, No. 59.012)

List of Subjects in 13 CFR Part 122

Loan programs—business, Small businesses.

Accordingly, pursuant to the authority contained in section 5(b)(6) of the Small Business Act (15 U.S.C. 634(b)(6)), SBA proposes to amend part 122, chapter I, title 13, Code of Federal Regulations, as follows:

PART 122—BUSINESS LOANS

1. The authority citation for Part 122 would continue to read as follows:

Authority: 15 U.S.C. 634(b)(6), 636(a), 636(m).

2. Section 122.61–1(a) would be amended by revising the last sentence to read as follows:

§ 122.61–1 Policy.

(a) *Program.* * * * This Microloan Demonstration Program terminates on October 1, 1997.

* * * * *

3. Section 122.61–2 would be amended by republishing paragraph (d) introductory text, by removing the ''or'' at the end of paragraph (d)(3), by removing the period at the end of paragraph (d)(4) and adding ''; or'' in its place, and adding new paragraphs (d)(5) and (h) to read as follows:

§ 122.61–2 Definitions.

* * * * *

(d) *Intermediary* menas: * * *

(5) An agency or a nonprofit entity established by a Native American Tribal Government.

* * * * *

(h) *Economically distressed area* means a county or equivalent division of local government of a state in which, according to the most recent data available from the United States Bureau of the Census, not less than 40 percent of residents have an annual income that is at or below the poverty level.

4. Section 122.61–3 would be amended by adding a new sentence at the end of paragraph (a) to read as follows:

§ 122.61–3 Participation of intermediary.

(a) *Eligibility.* * * * In evaluating applications to become an intermediary, SBA shall select such intermediaries as will ensure appropriate availability of loans for small business concerns in all industries located throughout each state, located in both urban and in rural areas.

* * * * *

5. Section 122.61–6 would be amended by revising paragraph (e) to read as follows:

§ 122.61–6 Conditions on SBA loan to intermediary.

* * * * *

(e) *Loan Limits by SBA.* Notwithstanding any other provision of law to the contrary, no loan shall be made to an intermediary by SBA under this program if the total amount outstanding and committed (excluding outstanding grants) to such intermediary (and its affiliates, if any) from the business loan and investment fund established under section 4(c) of the Act would, as a result of such loan, exceed $750,000 in the first year of such intermediary's participation in the program, and $2,500,000 in the remaining years of the intermediary's participation in the program.

* * * * *

6. Section 122.61–9 would be amended by adding a new sentence after the second sentence in paragraph (a), by revising paragraph (b)(1), and by adding a new sentence at the end of paragraph (b)(2) to read as follows:

§ 122.61–9 SBA grant to intermediary for marketing, management, and technical assistance.

(a) *General.* * * * In addition, each intermediary is authorized to expend no more than fifteen (15) percent of the grant funds received from SBA to provide information and technical assistance to small business concerns that are prospective borrowers under this program. * * *

(b) *Amount of Grant.* (1) Subject to the requirement of paragraph (b)(2) of this section, and the availability of appropriations, each intermediary under this program shall be eligible to receive a grant equal to 25 percent of the total outstanding balance of loans made to it by SBA, *provided, however,* that if an intermediary provides no less than 25 percent of its loans to small business concerns located in or owned by one or more residents of an economically distressed area, it shall be eligible to receive an additional grant from SBA equal to 5 percent of the total outstanding balance of SBA loans made to the intermediary. The intermediary shall not be required to match such grant.

(2) * * * The requirement that the intermediary contribute 25 percent of the amount of the SBA grant is inapplicable to an intermediary which provides not less than 50 percent of its loans to small business concerns located in or owned by one or more residents of an economically distressed area.

* * * * *

7. A new § 122.61–13 would be added to read as follows:

§ 122.61–13 SBA guaranteed loans to intermediaries.

(a) *Purpose.* SBA may guarantee not less than 90 percent nor more than 100 percent of a loan made to an intermediary by a for-profit or non-profit entity or by alliances of such entities.

(b) *Number of Intermediaries.* SBA shall not guarantee loans to more than 10 intermediaries in urban areas or more than 10 intermediaries in rural areas.

(c) *Maturity and Repayment of Microloan Guaranteed Loan.* An SBA guaranteed loan made to an intermediary under this section shall have a maturity of 10 years. During the first year of each such loan, the intermediary shall not be required to repay any interest or principal, although interest will continue to accrue during this period. During the second through fifth years of such a loan, the intermediary shall pay interest only. During the sixth through tenth years of the loan, the intermediary shall make interest payments and fully amortize the principal.

(d) *Interest rate.* The interest rate on a SBA guaranteed loan to an intermediary shall be calculable as set forth in § 122.61–6.

(e) *Termination of SBA Authority to Guarantee.* The authority of SBA to guarantee loans to intermediaries under this § 122.61–13 shall terminate on September 30, 1997.

Dated: December 21, 1994.

Philip Lader,

Administrator.

[FR Doc. 95–1742 Filed 1–23–95; 8:45 am]

BILLING CODE 8025–01–M

DEPARTMENT OF THE TREASURY

Office of the Under Secretary for Domestic Finance

17 CFR Parts 404 and 405

RIN 1505–AA53

Amendments to Regulations for the Government Securities Act of 1986

AGENCY: Office of the Under Secretary for Domestic Finance, Treasury.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Government Securities Act Amendments of 1993 authorize the Secretary of the Treasury (Treasury) to prescribe rules requiring persons holding, maintaining or controlling large positions in to-be-issued or recently issued Treasury securities to keep records and file reports of such large positions. The Treasury is issuing this Advance Notice of Proposed Rulemaking (ANPR) to advise market participants of our intention to issue large position recordkeeping and reporting regulations, describe the purposes of, and objectives to be achieved by, such rules and identify key elements related to any rule proposal. We invite comments, advice and recommendations from interested parties regarding how the large position recordkeeping and reporting requirements should be structured. To assist in the solicitation of comments and to facilitate in the development of rules, responses to specific questions are requested.

DATES: Comments must be received on or before April 24, 1995.

ADDRESSES: Comments should be sent to: Government Securities Regulations Staff, Bureau of the Public Debt, Department of the Treasury, 999 E Street NW., Room 515, Washington, D.C. 20239–0001. Comments received will be available for public inspection and copying at the Treasury Department Library, Room 5030, Main Treasury Building, 1500 Pennsylvania Avenue NW., Washington, D.C. 20220.

FOR FURTHER INFORMATION CONTACT: Ken Papaj (Director) or Don Hammond (Assistant Director), Government Securities Regulations Staff, at 202–219–3632. (TDD for the hearing impaired is 202–219–3988.)

SUPPLEMENTARY INFORMATION:

I. Background

The U.S. government securities market is the largest and most liquid securities market in the world. The enormous liquidity and pricing efficiency of this market provide incalculable benefits to other financial markets in the United States, and throughout the world, by providing a continuous benchmark for interest rates on dollar-denominated instruments across the maturity spectrum. The government securities market has consistently demonstrated its ability to absorb the large amounts of Treasury securities that must be issued to finance the operations of the U.S. Government in a cost-effective manner for the taxpayer, which is the market's primary public purpose. However, certain events that occurred in 1991, specifically a ''short squeeze'' [1] in two different Treasury securities led to the realization that Federal financial regulators need, from time to time, more information about holdings of very large amounts of Treasury securities.

A. Events Giving Rise to Large Position Reporting Authority

The occurrence of short squeezes in the government securities market in 1991 is discussed in some detail in the Joint Report on the Government Securities Market (Joint Report).[2] While yields of Treasury securities of similar maturity vary constantly, there were two instances during the Spring of 1991 in which particular securities traded well below the corresponding yields for similar securities for an extended period of time. In the first case, a short squeeze developed in the two-year note auctioned on April 24, 1991. When the squeeze first became evident in mid-May, the yield on the April two-year

[1] A short squeeze can occur when an event unanticipated by short sellers reduces the supply of securities available in the marketplace. It can also occur as a result of deliberate behavior by one or more market participants to restrict the supply of securities, thereby driving up prices.

[2] Department of the Treasury, Securities and Exchange Commission and Board of Governors of the Federal Reserve System *Joint Report on the Government Securities Market,* January 1992.